



Office of the Washington State Auditor  
Pat McCarthy

## **Accountability Audit Report**

# **Whitman County Fire Protection District No. 12**

**For the period January 1, 2017 through December 31, 2019**

*Published December 16, 2021*

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**Office of the Washington State Auditor  
Pat McCarthy**

December 16, 2021

Board of Commissioners  
Whitman County Fire Protection District No. 12  
Pullman, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the District's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

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## AUDIT RESULTS

### Results in brief

This report describes the overall results and conclusions for the areas we examined. In most areas we examined, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the District could make improvements. These recommendations are included with our report as a finding.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

### About the audit

This report contains the results of our independent accountability audit of Whitman County Fire Protection District No. 12 from January 1, 2017 through December 31, 2019.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2019, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements and credit cards
- Procurement – public works projects and purchases
- Financial condition
- Annual report filing – completeness and accuracy of cash and investment balances

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Whitman County Fire Protection District No. 12 January 1, 2017 through December 31, 2019

#### **2019-001    The District did not comply with state law regarding procurement and prevailing wages.**

##### *Background*

The District provides fire protection and emergency medical services, and it had annual expenditures of \$453,154 in 2017, \$497,972 in 2018 and \$430,398 in 2019.

##### *Procurement*

State law (RCW 52.14.110) requires fire districts to use a formal competitive bidding process to purchase materials, supplies or equipment costing more than \$10,000. Fire districts may adopt the purchase contract process that state law (RCW 39.04.190) allows, which increases the formal competitive bidding threshold to \$50,000.

State law also allows fire districts to fulfill bidding requirements through a process called “piggybacking.” Piggybacking is when one local government makes purchases from contracts another government awarded or purchasing cooperatives via interlocal agreements or contracts. To ensure compliance with state law when procuring through piggybacking, local governments must ensure they meet their own bidding requirements before spending public funds.

##### *Prevailing Wage*

When local governments lease property from private parties that perform public works projects on the property, state law (RCW 39.04.260) requires local governments to comply with prevailing wage requirements under RCW 39.12 when they pay for at least 50 percent of project costs. This state law requires bid specifications and contracts to include prevailing wage provisions for public works projects. Additionally, contractors and subcontractors must file intents to pay prevailing wages and affidavits of wages paid with the Washington State Department of Labor and Industries.

## *Description of Condition*

### *Procurement*

The District adopted the purchase contract process in 2015, increasing its formal bid threshold for purchases to \$50,000. However, the District has not established a written procurement policy regarding the purchase of materials, supplies and equipment.

In 2018, the District contracted with an out-of-state purchasing cooperative to purchase an ambulance for \$186,627. The District obtained a letter from the cooperative describing its competitive bidding process. However, the District did not obtain bid documentation ensuring the cooperative's process complied with Washington state bid requirements.

We issued recommendations for similar concerns in the prior audit.

### *Prevailing Wage*

In 2017, the District paid \$52,000 to remodel one of its fire stations. The District leases the building from a private party, and it reimbursed the landlord for all of the remodeling costs. The District paid for more than 50 percent of the remodeling costs, but did not obtain documentation from the private party ensuring the bid specifications and contract included prevailing wage provisions. Additionally, the District did not ensure the contractor paid prevailing wage rates and filed intents and affidavits, as state law requires.

## *Cause of Condition*

### *Procurement*

The District believed it met state procurement regulations by entering into the cooperative contract and obtaining the bid process letter from the cooperative. The District did not know it was required to verify and maintain evidence that the cooperative's process complied with Washington's bid laws.

### *Prevailing Wage*

The District did not know about the prevailing wage requirements for this project. Additionally, the District lacked a process for ensuring it complied with these requirements and that the contractor paid prevailing wages.

## ***Effect of Condition***

### ***Procurement***

By not obtaining bid documentation from the purchase cooperative, the District cannot be sure that all interested vendors had the opportunity to bid or that it obtained the lowest possible price for the purchase. Additionally, the District cannot demonstrate it adequately safeguarded public resources by ensuring the purchase complied with applicable laws and regulations.

### ***Prevailing Wage***

By not obtaining the bid specifications, contract and other documentation, the District cannot demonstrate the contractor paid prevailing wage rates, as state law requires.

## ***Recommendation***

We recommend the District:

- Establish and follow a procurement policy for purchasing materials, supplies and equipment, including the piggybacking process.
- Establish effective internal controls over procurement activities and provide training in state bid and prevailing wage laws to employees responsible for purchasing and public works projects.
- Obtain bid documentation when piggybacking to verify the lead agency or cooperative complied with applicable state bid laws before making purchases.
- Comply with all prevailing wage requirements for public works projects, including when it pays at least 50 percent of project costs for property leased from a private party.

## ***District's Response***

### ***Procurement:***

*The District will create a written procurement policy for the purchase of materials, supplies and equipment. The district will obtain and keep on file all bid documentation and any other items related to procurement.*

### ***Prevailing Wage:***

*The district will work to comply with all prevailing wage requirements for all public works projects.*

### *Auditor's Remarks*

We appreciate the District's commitment to resolve this finding and will review the corrective action taken during our next regular audit.

### *Applicable Laws and Regulations*

RCW 52.14.110, Purchases and public works – Competitive bids required – Exceptions, establishes the procurement thresholds for fire protection districts.

RCW 39.34.030 (5)(b), Joint powers – Agreements for joint or cooperative action, requisites, effect on responsibilities of component agencies – Joint utilization of architectural or engineering services – Financing of joint projects, states that entering into a cooperative agreement does not relieve any public agency of its responsibility imposed upon by law.

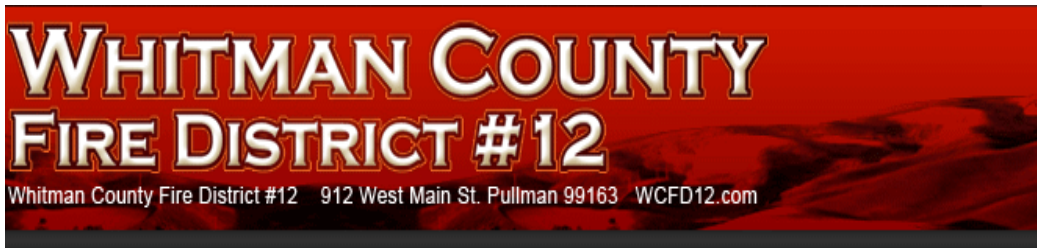
RCW 39.04.260, Private construction performed pursuant to contract for rental, lease, or purchase by state – Must comply with prevailing wage law.

RCW 39.12.020, Prevailing rate to be paid on public works.

RCW 39.12.030, Contract specifications must state minimum hourly rate – Stipulation for payment.

RCW 39.12.040, Statement of intent to pay prevailing wages, affidavit of wages paid.





## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Whitman County Fire Protection District No. 12 January 1, 2017 through December 31, 2019

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2013 – December 31, 2016	<b>Report Ref. No.:</b> 1022431	<b>Finding Ref. No.:</b> 2017-001
<b>Finding Caption:</b> The District lacked adequate internal controls and monitoring over credit card use to ensure safeguarding of public resources.		
<b>Background:</b> State law (RCW 43.09.2855) allows local governments to contract for the issuance of credit cards, provided they adopt a system for distribution, authorization, control and use of the credit cards and payment of the bills. The District Board and management are responsible for establishing policies and procedures to control credit card use, and for obtaining adequate documentation to support every purchase.  The District did not retain required documentation to support credit card expenses for purchases made during fiscal years 2013 through 2016 including itemized receipts and credit card statements. Additionally the District did not have established policies and procedures defining proper use and monitoring of their purchase cards. Without proper controls and retaining supporting documentation, the District cannot demonstrate it used public funds for valid business purposes.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Fully Corrected         </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Partially Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Not Corrected         </div> <div style="text-align: center;"> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <i>Whitman County Fire District #12 has implemented a credit card policy and procedure on 02/13/18.</i>  <i>Whitman County Fire District #12 has limited the amount of credit cards/charge cards and access to those cards.</i>		

## INFORMATION ABOUT THE DISTRICT

Whitman County Fire Protection District No. 12 has approximately 37 volunteer firefighters who provide fire protection and suppression services to the City of Pullman and surrounding areas.

An elected, three-member Board of Commissioners governs the District. The District operated on annual revenues of \$449,049, \$395,316 and \$382,174 for fiscal years 2019, 2018 and 2017, respectively.

### Contact information related to this report

Address:	Whitman County Fire Protection District No. 12 912 W. Main Street Pullman, WA 99163
Contact:	Mirenda Stenbakken, Secretary
Telephone:	(509) 334-1715
Website:	<a href="http://www.wcfd12.com">www.wcfd12.com</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Whitman County Fire Protection District No. 12 at <http://portal.sao.wa.gov/ReportSearch>.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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